

KEELY MOTOR COMPANY.

MINORITY REPORT

TO THE

STOCKHOLDERS

FROM THE

BOARD OF DIRECTORS.

Dec. 8, 1880, to Dec. 14, 1881.

BY JOHN H. LORIMER.

PHILADELPHIA:

GRANT, FAIRES & RODGERS, PRINTERS, 52 & 54 N. SIXTH ST.

1881.

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PREFACE.

I N presenting this so-called "minority" report to you, it is because I believe that some official information of a character different from the usual smoothing iron statements of progress, should be laid before you; and having, since I was elected to the Board of Directors, elicited some information which seems to me to be pertinent to a knowledge of the situation, I assume it to be my duty to spread it before you, and so give an account of my stewardship.

In doing this, I shall confine myself closely to facts, and to an exposition of my personal opinions deduced from conversations and correspondence, official and otherwise.

Not feeling at liberty to introduce these communications in full, I beg to say to my colleagues, that if they, collectively or individually feel that I do them any injustice in thus omitting them, I shall be very glad to publish in full (if they so desire) all the correspondence from which I draw the conclusions arrived at in the subjoined report.

Although the propriety of making such a report will be questioned, I commend the statements I make to your consideration, believing as I do, that the past, present and future history of the enterprise will furnish ample justification for the course I have taken.

J. H. L.

REPORT.

TO THE STOCKHOLDERS OF THE KEELY MOTOR COMPANY:

At your last annual meeting, held on Dec. 8, 1880, I was elected a member of the Board of Directors of your Company; and entering upon the duties of the position in the same spirit that I would any similar trust, I set about getting at the facts governing Keely Motor matters.

My efforts in this direction developed a condition of affairs which to me seemed to be the result of very bad judgment, or worse, very bad management in the past, and at the same time showed me the necessity of keeping a record of my acts while connected with the Board of Directors.

Desiring to know the truth, I cultivated the acquaintance of everybody I met, who in the past or present had any connection with Keely or his Company, believing it to be a duty to myself and the enterprise, that I become acquainted with every fact within my reach, which by any possibility could have a bearing on the present or future of the enterprise.

Being a comparative stranger, I had no bias in the matter, and knew nothing of the numerous interests that existed within or without the Board of Directors.

From the record which I felt it necessary to keep for my own instruction and protection, I propose to make such extracts as will in my opinion, place you in possession of a reasonably fair knowledge of the existing status of the Company.

Being a stranger to the enterprise, I started with the assumption (created by the current information vouchsafed to strangers by the custodians of the annals or history of the Keely Motor Company), that the Board of Directors was composed of wealthy and influential men, capable of great deeds financially, if the necessities of the enterprise should require them,

and so I was somewhat shocked to find the active portion of the Board perfectly satisfied with what they had done, and willing that the enterprise should be esteemed a burden which the new Directors might carry if they saw fit, or fall in with the WAITING policy of the old Directors if that suited them better.

Being unable to carry the enterprise, and unwilling to render myself possibly liable to a charge of mismanagement by doing nothing, I set about studying the case with a view to forming a definite plan of action which ordinary business principles would justify.

My first step was to be informed as to the legal questions which presented themselves at this time. Chief among these were the following: 1st. What is the law governing the location of the treasury and books of the Keely Motor Company? 2d. What is the law governing the giving of bonds by the treasurer? 3d. What is the law governing the sale of treasury stock, or of hypothecating the same?

Replies to the above from competent authority led to the hypothecating of treasury stock and the giving of a bond for \$500 by the treasurer. This bond was afterwards graciously removed by the Board, at his express request.

About this time, I wrote to the Secretary as follows:

Philadelphia, Dec. 21, 1880.

FRIEND SCHUELLERMANN:

Will you kindly compile for me at your earliest convenience, a full list (as far as your records will permit) of all persons who have ever taken a prominent and active part in Keely Motor, and opposite each name give the amounts actually paid into the treasury of the Company, and the amount of stock or other privileges obtained from the Company in return for such monies. I would also like a list of those whose services have been considered worth remunerating in stock or other privileges of the Company, giving brief particulars of the service rendered and the remuneration received.

I would like the above if possible, before our next Board meeting, but leave the question of time to you if that is too soon.

To these requests the Secretary preferred to give oral replies only, so that I am unable to say further than that from the information I received from him I was able to formulate a plan which I immediately adopted upon my own responsibility, and using every means at my disposal, I

have consistently followed the course I then decided upon ; changing only as an ever increasing knowledge of facts required.

Being appointed a member of the finance committee, the empty condition of the treasury called for some action ; and as the old members of the Board seemed determined to let the new members feel the weight of the load ; I set about measuring the carrying capacity of my colleagues, and wrote to each member of the Board as follows :

Jan. 12, 1881.

“ Will you kindly let me know if you are willing to loan any money to the Keely Motor Company for ninety days, taking Keely Motor treasury stock for security ? If so, how much, and at what rate would you be willing to take the Keely Motor treasury stock ?

An early reply to this inquiry, with any suggestions you may have to make will oblige, Yours, etc.,

J. H. LORIMER.”

To the above I received answers as follows :

F. W. FOOTE said, under date of Jan. 21.

“ If the Finance Committee (of which you are one), have decided upon this plan to raise money, I shall cheerfully join the rest of the Board in my proportion of the loan.”

JNO. MARSTON JR., under date of Jan. 13, said :

“ I regret very much that it is out of my power to loan any money at present.

I will willingly loan stock, if that will help at all.”

Do you find it illegal to sell the stock of the Company ?

F. G. GREEN said, under date of Jan. 14.

“ Do not ask me for any money.

* * * * *

If the Company want stock, all they have to do is to say so.”

G. B. COLLIER said, under date of Jan. 13, 1881.

“ I am willing to loan the Company \$100 for 90 days without security.”

WM. BOEKEL said, under date of Jan. 13, 1881.

“ At present I am not in a favorable condition to loan money to the Keely Motor Company.”

R. BALDWIN, under date of Jan. 15, asked some questions, and on the 21st, congratulated me on my success in raising the amount required by hypothecating the treasury stock.

The other members of the Board ignored my inquiry altogether, excepting Mr. Cummins, who, on account of absence, was unable to write, but gave his check for \$500 as a personal loan without security. He was also a *new* member of the Board.

The difficulties encountered in this first attempt to help along the enterprise, admonished me to prepare at once for another effort; and so I wrote again, an identical note to each member of the Board, under date of Jan. 20, as follows:

“In view of the necessity of the case, and negative abandonment of the enterprise by a portion of the Board; I am forced to assume the responsibility of hypothecating treasury stock to raise the \$1000 balance of money promised to Jno. W. Keely, at the last regular meeting of the Board, on Dec. 28, 1880.”

To my action in raising the money, the Board at their next meeting gave assent, and at the same time administered through their acting Chairman, F. W. Foote, a reproof, in the shape of a lecture to me upon the impropriety of my charge of negative abandonment of the enterprise by a portion of the Board.

The possible justice of a portion of Mr. Foote's remarks served only to impel me to further study of the problems developed; therefore, I again issued an identical note, inviting the Board to meet me at the Gilsey House, New York, for the purpose of instructing me in the “ancient history” of Keely Motor.

This invitation was accepted by Messrs. Foote, Flagler, Baldwin, Wright, Throop, Cummins and Green; and being a comparative stranger to all Keely Motor people, I invited a well-known Philadelphia stockholder to go over with me for the purpose of verifying the results of the conference to any who might be interested enough to know them.

At the conference, my activity in Keely Motor matters evidently militated against me; for the gentlemen present were unwilling to give me the information sought. So, to satisfy them that I was in earnest and sought only the truth, I read a communication which I had prepared to hand to Mr. Keely, unless I elicited facts at this conference which rendered it out of place.

The result of such reading was to bring about a complete change of feeling towards me ; and from being indifferent to my efforts, they all warmly endorsed my course. The communication referred to being important, I will subjoin it ; also a postscript written after the meeting at the Gilsey House, above referred to.

Philadelphia, Feb. 10, 1881.

JNO. W. KEELY, ESQ.,

“ *Dear Sir* :—The necessity for a knowledge on my part, of the past history of the Keely Motor Company as a business organization, being forcibly impressed on my mind at the last regular meeting of the Board of Directors, I have since tried to obtain the same, and now beg to submit the following conclusions as the results of my investigations, and I trust you will give them your earnest consideration.

First.—I find that you have on many previous occasions miscalculated the progress made in your labors to such an extent as to seriously mislead the directors and investors in the enterprise, and in consequence have wearied the patience and strained the confidence of many old friends.

Second.—That the circumstances under which the present crisis is developed, are very like the conditions governing former crises of the enterprise, and in consequence there seems to be a strong feeling of uncertainty as to the possibilities of the future.

Third.—This uncertainty, while leading to many views of the position, develops in the main, a great desire to obtain from you some definite assurance that the end is near—an assurance which all seem to concur in believing you are now able to give, because you have shown so great a knowledge of the problems you are solving, that all have full confidence in your ultimate success, provided your life is spared.

Fourth.—Notwithstanding the confidence in your knowledge, and equal confidence in your honesty of purpose, the great fact remains that you are human, and consequently amenable to the laws of nature which render you liable to die not only from natural causes, but from accidents incident to the prosecution of your labors.

Fifth.—That this Company has no patents, and we are to-day ignorant of your methods of producing power, or of taking advantage of it when it is produced, and therefore have no assets whatever.

Sixth.—That the character of your discoveries is such as to lead to the researching of problems never contemplated at the organization of the Company, and consequently the time taken has been much longer than ever anticipated.

Seventh.—That through and from above causes, you have at different times been reduced to straits similar to the present, which are alike un-

worthy of the organization and of you, and which have produced combinations of parties, at different times connected with the enterprise, for their self-protection—if not for their self-aggrandizement.

Eighth.—Such combinations are now bearing their natural fruit, and I find you, comparatively speaking, without sufficient commercial interest in your various inventions to maintain a proper incentive to rapidly complete your engine, or to act in harmony with your Board of Directors.

Ninth.—That the absence of this incentive, and the fact that new adaptations of your discoveries presenting the means for the prosecution of your studies without the immediate completion of your engine, brings the Keely Motor Company face to face with the absolute necessity of removing from your mind any and all grievances, real or fancied; and at the same time, adjusting your financial claims against the Company, and the furnishing of the moneys necessary for the immediate completion of the engine and application for your patents on the multiplier and engine.

Therefore I would suggest, as a solution of the difficulty, that you proceed as follows:

First.—Resign absolutely from the Presidency and Board of Directors of the Corporation, so that any contracts and agreements made with you may be valid and lawful, you of course remaining as superintendent of works, and as inventor.

Second.—Prepare as soon as possible an itemized account of all the indebtedness of the Company to you.

Third.—Prepare an abstract of all the modifications of existing contracts, and a full statement of all the new ones you desire to have made, and which you think would be just to the Company and perfectly satisfactory to you.

Fourth.—Give the Company a definite idea of the present degree of progress, and time required to absolutely complete the engine.

Fifth.—Give the Company some assets, say for example, a trust Company's receipt for a sealed and sworn statement of the secrets necessary to the successful and practical completion of your multiplier and engine, to be used only in the event of your death before the completion of the work by yourself.

Sixth.—Ask that a special meeting of the Board be called at once, to consider any proposition you may see fit to make, so that you may know whether you are to proceed with the Company's work at once, or defer it until you have fully developed all the adaptations of your power already known to you, or hereafter possible of discovery by you.

And now, in conclusion, I may say to you that the above deductions from the history of your Motor, are the result of patient and laborious inquiry

on my part, and I am truly at a loss to understand how, or in what manner other than that herein suggested, you can honorably vindicate your position; and as no one I have met connected with the enterprise or personally acquainted with you, hesitates for an instant in crediting you with the most unswerving integrity, I have no hesitation in offering the above suggestions for your consideration; and I trust you will so far adopt them as to enable the active portion of your friends to bring the organization rapidly into harmonious accord with you in the development of what all seem to think is the greatest wonder of our civilization, the early completion of which will lift you to the highest pinnacle of fame as a scientist, and make them co-dispensers with you of the God-given wealth to which you hold the key.

Respectfully yours,

JOHN H. LORIMER."

Philadelphia, Feb. 11, 1881.

JOHN W. KEELY, ESQ.

"*Dear Sir:*—As a postscript to my communication of the 10th inst., I beg to submit the following conclusions, after meeting (informally) in New York, with several members of the Board of Directors.

It appears—*First.*—That all contracts and modifications of contracts hitherto made with you, were made in good faith, and upon what were supposed to be perfectly satisfactory terms to you.

Second.—It seems to be generally understood that without your hearty co-operation and good will, the Company cannot realize value upon any existing contracts, or any they may hereafter make with you.

Third.—With these two facts before them, it was unanimously agreed that any real or fancied grievance you might have against the organization, should be fairly presented by you, and as fairly acted upon and smoothed over by them.

Fourth.—In attempting to interpret their opinion of what would be a fair adjustment of your claims, I think I can best convey the idea by quoting from history as I understand it; and so I begin by saying that while it is acknowledged that you have not now the proportion of interest in your inventions that you once had, it is claimed that any sacrifices you have made of such interests can scarcely be charged to the Company or Board of Directors.

Fifth.—That they are willing to make such concessions as will be satisfactory to you; provided you give them at the same time some assets in the shape of a caveat or patent of such of your inventions as are now complete and patentable, and I can cheerfully and conscientiously say that there does not appear the slightest disposition to antagonize you, unless you should really determine upon some radical change in existing contracts,

or seemingly unwise delay in giving them some practical benefits from discoveries, which are already (as they understand it) perfect and complete.

And, in conclusion: I feel perfectly free to say that I believe you can now make such a presentation of your case as will not only meet with fair, but even generous consideration by the Board of Directors; and I trust that the conclusions I have arrived at, may serve to bring about a proper idea and formulation of the case as you understand it, and that this will result in an amicable adjustment of the matter, and at the same time render a repetition of these misunderstandings impossible.

Yours Truly,

J. H. L.

As a direct result of the above, the revision of contracts with John W. Keely; now known as the "Western Slope Concession;" was, after much tribulation brought forth, and with it was developed unmistakable evidence of that want of mutual confidence so necessary to success in undertakings like ours; and as this feeling has grown very rapidly ever since; it may be interesting to note its progress as recorded by me in the correspondence which followed. About this time my action having been approved by the Board, I had the opportunity presented of studying semi-officially the very peculiar man whose genius held his friends so spell-bound that they lost their power (if such they possessed) to adapt business methods to the enterprise he created; and I soon realized that in Mr. Keely, I had found a man unlike any type I had ever seen; and to study whom as a man, it seemed a privilege which any student of human nature would have sacrificed much to enjoy.

To meet him socially in his shop, after his day's work, was, I think, invariably to be impressed with his earnestness, honesty of purpose, and above all, with confidence in his knowledge of the plane of science he was working in, and at the same time, to be impressed with the folly of basing calculations for the government of the business details of the organization upon the statements made by him while contemplating the possible results of his researches.

Notwithstanding my sympathy for him, I deemed it necessary to the end I had in view, that I should try and impress him with the propriety of defining his plans and wishes in regard to our Company; and it was for this purpose that I wrote to him as above in Feb. 10, 1881; and, as I

have already said, this letter gave the "introductory impulse" to the revision of his contracts with the Company.

On Feb. 16th, 1881, I received from the treasurer the following:

New York, Feb. 14, 1881.

JNO. H. LORIMER:

"I was in your city last evening and spent an hour or so with Keely. After a long talk I made him a proposition (subject of course to the approval of the Company and Board) that he take 5000 shares of the stock and drop the Western Slope matter and California Interest for ever. He has the matter under consideration, and I trust will receive it favorably. If so, it will be much to his interest, and save many unpleasant explanations. See that Schuellermann calls a meeting for Tuesday, at 3 P. M., at Chestnut Street office. The evening will be devoted to an exhibition, as I propose bringing a number of New York gentlemen over, and I hope to be able to dispose of 500 shares @ \$25.00. I may want you to call on some of the parties in Philadelphia who deal in this, to hold firm at that price, as it will be impossible to get \$25 here if they can buy in your city at \$8 to \$10.00."

Yours,

GREEN.

To this I replied as follows:

Philadelphia, Feb. 16, 1881.

F. G. GREEN, ESQ.,

"*Dear Sir* :—Your favor of yesterday has attention; and in reply I beg to say, that I will heartily co-operate in any plan that will bring us to the *end, really and permanently*; this being, in my mind, much more important than the bridging over of any temporary difficulty.

In reference to the proposed sale of 500 shares treasury stock on the heels of an exhibition to be given [next week, I feel impelled to utter the word—caution. Do not let our desire to attain the end lead us into errors.

If J. W. Keely is not first settled with in a *manner entirely satisfactory to him*; I fear you would be putting yourself in a false position with the friends you might induce to take stock at the figures named; for, unless we *fairly and amicably* adjust the matters now under consideration; how much better are we off than at present?

I really doubt your ability to induce Mr. Keely to give up his "California interests forever"; consequently I feel as though we ought in justice to all concerned, face the music and see the dance out before going much further.

In the meantime, I suggest that you all in New York strengthen Mr. Foote's hands by fully instructing him and delegating your power to him, so that he may be able to strike while the iron is hot. I am confident that he (Foote) will not waive any interest in the enterprise that will not, by such waiving greatly enhance the value of what may remain, even above all we now have or could retain per force.

Kindly consider this suggestion in concert, and let us use every effort to make this the last deal necessary prior to the actual birth of the child. *After that*, I think the most fastidious amongst us will be satisfied."

Under same date I wrote to Mr. Foote. I quote the following from my letter to him:

"I have a reasonable assurance that the crisis now upon us may be *safely and justly* passed, if treated wisely; using the past only as a beacon to guide us in the present, and in view of the 'promised land,' the grandeur of which exceeds all hitherto discovered earthly wonders. Let us sink the past as much as possible, for if we harp on 'what might have been' it unfits us to take advantage of *what is*; and in consequence negatives our efforts in shaping that which is to be, and it seems to me that at present we need wisdom more than aught else."

On Feb. 16th, 1881, I wrote to the Secretary a letter from which I extract the following:

"Please give me a transcript from the minutes of the consolidation, also if you have copies of existing contracts, give me a transcript of that which relates to the Vibratory Lift."

As before, the Secretary preferred to give oral information only, which I accepted, as the plan I was working under being eminently one of "peace" I could not force myself into the confidence of the custodians of the "Ancient History" of the enterprise; but had to watch and wait, trusting that the future would develop facts enough to demonstrate that I aimed only at "peace with honor."

The validity of contracts made with Mr. Keely while he was president or director of the Company, being questioned, it was decided that he would have to resign both positions before we could make any contract with him. This he did, and Mr. Foote was elected to the presidency, and some time after, Mr. E. J. Randall was elected to the vacant place in the Board of Directors.

The question naturally arises—if it was illegal to make contracts with him as a director of our Company, *of what value was the existing contracts which had all been made with him while he was president and director of the Company?*

About this time I was instructed in the policy of the Company by Mr. F. G. Green, the treasurer; who, in a conversation held at the shop during the temporary absence of Mr. Keely, told me that I had done wrong in paying the money I had raised to Mr. Keely in such a large sum (\$1000.00), as, owing to Mr. Keely's loose business methods, it was thought best to keep him short all the time. Having observed in my intercourse with Mr. Keely that this very policy on the part of the Company was the cause of much delay, and that it irritated Mr. Keely, I questioned Mr. Green's methods and so told him. Thereupon he reiterated that I was mistaken, and that he had always been able to control Mr. Keely, who, he said would do anything he asked him to do, and he had found that by keeping him short of money they could always handle him better. In evidence of this influence over Mr. Keely, he asked me to notice how he would cause Mr. Keely to change his mind about the exhibition he wanted, and which Mr. Keely just before leaving us, had objected to give. Sure enough, when Mr. Keely returned to the shop where we were, the treasurer did elicit from him a promise to give the exhibition mentioned, but by making statements about the results of such exhibition which from past experiences he ought to have known were impossible, and which the actual results of the exhibition proved to be fallacious in the extreme. From this time I doubted the competency of our treasurer and set about making his methods my especial study, the results of which you will perhaps be able to judge.

Facts in the history of the Company, developed during these negotiations, forced me to doubt whether we were likely to reach the end we hoped for by the methods adopted; and this doubt increased so rapidly that I soon became convinced that the whole matter was in a measure a mere repetition of former mistakes, in measuring Mr. Keely's ability to define his position while his mind was absorbed in researches necessary to the progress of his inventions. So with this impression firmly rooted in my mind, I began to study what course was necessary in order to avoid or modify the disastrous effects we might expect in the event of Mr. Keely being unable to reach the end within the time specified in the revised contracts.

Believing that only by a close study of Mr. Keely could any intelligent opinion be formed, I applied myself assiduously to this task; and the more closely I studied, the more I became convinced that he was totally unable to measure time or define his plans because of the ever changing results attained by him in researching the force he was trying to harness. Such being the case, time developed new factors in the problem; and new elements of trouble in the shape of stockholders who were dissatisfied with the management of the affairs of the Company; and with the view to stem the tide of doubt which was again setting in, in the public mind against Mr. Keely—a doubt which was adroitly fostered by some of the officers of the Company—one of the most outspoken of these stockholders saw fit to publicly deliver a course of three lectures in Chickering Hall, New York, on the subject.

Having an opportunity to talk with the lecturer just prior to their delivery, I learned the object in view, and under all the circumstances I felt that just at that time these lectures would serve a good purpose; and at this late day I am free to confess that in my opinion they have served a good purpose by precipitating a drawing of the lines of demarcation between the several interests mentioned. This demarcation, in my opinion, is absolutely necessary before the end can be reached.

The fearless and consistent exposition by any man of his opinion when accompanied by true statements, is entitled to my respect, whether I coincide with his views or not, and as in this case I have to the best of my ability and with all the light I could obtain verified these opinions by existing facts, and found them reasonably just and fair; I can well afford to accept them from one who possesses a knowledge of the history of the enterprise from its inception to the present time, and whose criticisms seem to be more free from personalities than any others I have heard, and at the same time more consistent with what my own knowledge of human nature would lead me to expect.

Being human I am not infallible, and knowing some of the weaknesses of our race, I prefer to use my own judgment of men and things as they come under my personal observation, and when I have to form an opinion from the statements of others, I prefer to accept those of men who can rise above the plane of personal pique or malice rather than the statements of men who do not.

This much by way of explanation may at present seem unnecessary, but

later you will perhaps appreciate the propriety thereof, and as the matter is one of growing importance, what seems to-day to be a bountiful supply of information on a comparatively uninteresting subject, may soon appear to be a very insufficient and meagre supply on a subject of all absorbing interest.

The following extract from a letter written to the President of the Company on March 2d will serve to show the results of my studies up to that time.

"The whole thing *in my opinion* (kindly remember it is only *my opinion*) simmers itself down to a matter of mutual confidence between Mr. Keely and the Board. One party cannot in any way take advantage of the other without jeopardizing their individual interest, and until we get *something tangible* in the way of *patents or property*, the more simple the supplemental agreements are, and the less pressure we put upon the very peculiar man we are dealing with, the more ready will he be to accord us all our rights WHEN THEY CAN BE SPECIFIED MORE CLEARLY THAN AT PRESENT. In other words, let us try to follow our old friend for a time, and in my opinion he will soon give us the opportunity to lead him of his own free will and accord."

On March 3d, I received a letter from the Treasurer, from which I quote as follows :

"My plan is to show the public what we have; not to a few, but to all who can get in, and thereby make a *demand*, not force one. We have got a good thing, and *why not* show it, even if it keeps Keely back a few days, for it strikes me, money is the present requirement; try and impress Keely with this fact. I enclose you slip from Herald. This shows you why Edison stock sells at \$1800 per share."

To this I replied under date of the 3d of March.

"F. G. Green, Esq., Treasurer Keely Motor Company,

DEAR SIR :

Your favor of the 2d instant at hand, and contents carefully noted. The slip from the N. Y. Herald was noticed on day of issue. The comparison you so aptly draw between the Keely Motor Stock and Edison Electric Light Stock, merely indicates one of two things so far as my observation goes. It indicates either the entire absence of any well defined financial policy, or else the existence of a thoroughly well defined policy known only to the operators." . . .

In my opinion it is useless to show the public what we have until *we have something* to back up what they see. What do the public care for wonderful exhibitions which promise such great things, when they see a Board of Directors reputed to be able to control millions permitting their stock to be sold for a nominal sum?"

On March 8, 1881, I wrote the President of the Company and make the following extract from the letter as indicating the crystallization of my sentiments in the matter at that date:—

"The delicacy of the position I am in, having the *partial* confidence of you in New York, and also, I believe, the partial confidence of John W. Keely, makes it absolutely necessary that there should not be any chance for misunderstanding between you and I; therefore I feel justified at this time in expressing a few thoughts that the circumstances bring to my mind.

"First. Either we attach too much importance to the inventions of John W. Keely, or else we do not attach enough importance to them. If the former is the case, are we not straining at a gnat; and if the latter, are we pursuing a course worthy the grandeur of the enterprise?

"Second. The unalterable law of common sense makes our interest and that of John W. Keely identical, and whatever mistakes have been made by either party hitherto, it seems the opportunity is now presented to us to render all future misunderstandings impossible.

"Third. In this, as in all other conflicts, real or imaginary, there are always two sides, and from the diversity of sentiments developed at the discussion of the matter last Saturday evening, I fear I shall be forced to depend solely upon my own judgment of the true merits of the case; for while I am willing to abide the consequences of my own mistakes, I am not so willing to accept the mistakes of others."

On April 19th, I wrote to the Treasurer as follows:

"Having personally taken exception to some of your financial methods, and having heard a great deal about your management of Keely Motor Finances that is detrimental, as I understand it, to the general welfare, I propose at the next meeting of the Board, to have the matter brought up in such a way as will enable you to define *present* policy, and such of the past as may be deemed necessary to a proper understanding."

In a letter of the same date, calling the President's attention to my action, I said:

"In my opinion there are no difficulties, personal or otherwise, in connection with the enterprise, which cannot be overcome by ordinary business tact and energy. At the same time, we have enough of the elements of discord to lead to disaster if permitted to fructify; which it certainly will do if buried or persecuted."

The immediate cause of my action was a sale of 600 shares of stock at \$5.00 per share to meet a claim of the Treasurer's for so-called services rendered; and in reference to this sale the Chairman of the Finance Committee wrote to me on the 11th of March, as follows:

"Mr. Green has applied to me as Chairman of the Finance Committee to authorize a settlement with him either by giving him six hundred shares of stock, or by the sale of six hundred (600) shares at \$5.00 per share. I am unwilling to accede to either of these propositions; as from my understanding of what occurred at the last meeting, Mr. Green was to be paid his \$3000 out of the proceeds of sale of 1000 shares Treasury stock, which was to be sold at *seven dollars or better*. If I am correct in this supposition I have no power to act otherwise except through a further resolution of the Board."

To this I replied on the 12th of March:

"His account is to be paid out of the proceeds of the 1000 shares now offered, and I am glad to see by your letter that this was your understanding of the matter.

"As it now stands I can only assent to the selling of 600 of the 1000 shares at \$5.00, or as much more as possible in the open market (but not direct to Mr. Green) for the purpose of settling his account at once if he is unwilling to wait till we can get a better price for the stock."

On the 7th of April, I had the following from the Chairman of the Finance Committee:

"Please excuse my not having written you before about the matter of the Treasurer's account settlement, but I have been out of town a good part of the time and extremely busy while here. Besides this, I should not have acted without further consulting you, had I not inferred from my conversation with you, that this sale would be satisfactory, provided I could do nothing better. I tried to effect a sale of 500 shares at \$6.00 but could not do it. Mr. Green was urgent for a settlement and offered a purchaser in ——— who was willing to take 600 shares at \$5.00.

Yours Truly, W. S. HOYT.

To this I replied under date of April 20, 1881 :

W. S. Hoyt, Esq.

"DEAR SIR :—Your kind favor of the 7th inst. was duly received ; but owing to absence and pressure of other business I could not properly reply before to-day.

"Regarding sale of stock, you are correct in your inference that I would be satisfied with it 'if you could not do better,' and of course the fact that you did it shows that you could not do better, therefore while I much regret the necessity for such sale, I will of course sustain your action when you make your report at our next meeting."

On April 6th, I wrote to the President regarding this sale of stock, etc. :—

"As to Mr. Green's matter, while I am loth to find fault, and will not if it can be avoided, there are some facts connected with it which may make it necessary for us to go on record as approving or disapproving of it ; and I therefore reserve the right to act as my best judgment may dictate *after* I know all the facts." . . .

"The inquiry that comes now forcibly to mind is—Why can we sell stock at \$5.00 to recoup a Co-Trustee, when sales are readily made in the open market at \$7.00?

"It seems to me that Mr. Green does not show the financial ability necessary to float an enterprise like ours. Although he has stood by the Company when all or nearly all others flinched, it is said to be an open question whether he or the Company derived the greatest benefits from his efforts.

"We are face to face with facts, and must meet them like men, no matter how unpleasant or what our personal wishes may be.

"If Keely gives us the benefit of his discoveries, it will require all our *energies to guide* our enterprise ; and on the other hand if he dies or is forestalled, it will need all our care and attention to take care of our reputations ; therefore, it behooves some one to take the initiative in smoothing down the rough places in our path, and if we find that mistakes have been made, let us unite in correcting them so far as we can and prevent their repetition if it is possible.

"Being (perhaps) somewhat peculiar in my ways, I have been impelled by surrounding circumstances to take a very active part in Keely Motor

affairs ; and though the motive for my activity was questioned at first, I believe I am now forgiven for causing some of my colleagues to show the bent of their minds, in the hope that having got a definite understanding established between Keely and the Company, I may now devote my efforts to bringing the former to a proper sense of his duty to the latter.

“Did my duty (as I understand it) end here, I believe I could attain considerable success, but the fact that the Board has some delicate and important work to perform, brings us to the question, are we properly organized to perform our part? and of course if we are, let us show it by our acts, and if not, let us act like men worthy the important trust before us.”

“If I am over-estimating the character and importance of this work, you can show it to me ; and per contra, if I am correct, you *can and will* accept the responsibilities of the position you hold, no matter how unpleasant, no matter how irksome, if understood by you and honorably supported by us.”

On April 26th I wrote again to the President of the Company as follows :

“In the matter of the Treasurer’s policy, while I may be mistaken, it is quite evident to me that my motives and action are now as in the past, misunderstood. . . .

“I cannot, and consequently will not impeach the Treasurer’s honesty of purpose ; others may, I will not at present. I merely fancy he is not competent to financially guide our enterprise.

“I know no Philadelphia, no New York faction, in or out of the Board ; no Collyer, no Green, no Babcock, no Lorimer interest as such. I know only the great body of the Keely Motor Company, and judge that only from the possibilities of the future, not from the necessities of the past, and consequently have no personal axes to grind.”

On June 11, 1881 I wrote to the Secretary as follows:—

“Will you kindly take from your books for me, before next Board meeting, a statement of all the stock transfers that have been made since, say—April 27, 1881, and also give me dates of Mr. Flagler’s election to the Directory, with dates of meetings at which he answered roll call ; also let me know how much money he has during that time, or at any time (with dates) loaned the Company.”

By going to the office I elicited the following facts in reply to above. Stock transferred between the dates named 5938 shares, a small percentage only being treasury stock.

Mr. Flagler was elected December 10, 1879, re-elected December 8, 1880. Meetings held to June 11, 1881, twelve; of which he attended three.

Loaned the Company in 1879, \$100, which was duly repaid.

This mention is made because Mr. Flagler at the last meeting, treated the Philadelphia Directors in a dissertation on the propriety of "putting up or shutting up;" and considering that they had raised some \$1800 a short time before, I thought his attacks uncalled for, and offer this item as a sample of the way Keely Motor matters have been talked into disrepute.

My activity in these matters, and my endorsement of the lectures about this time delivered in New York, brought about an open rupture between the active portion of the majority of the Board of Directors and myself; and many of the friends of the enterprise who had approved of my course, began to think it would be wise on my part now to go for "harmony," seemingly forgetful of the fact that *temporary* "harmony" meant future "discord," and that having set out to adapt business methods to our enterprise, I must continue till success crowned my efforts, or the causes for my failure were made apparent. Any other course on my part would have subjected me to greater blame than can possibly be put upon me now.

In the meantime, distrust between Mr. Keely and his Directors seemed to grow rapidly, owing to delays caused by accidents and sickness; so that I had ample opportunity to study the character of the enterprise and the man that created it.

Charges were about this time preferred against the Treasurer for systematically "bearing" the stock, and a reputable Broker in Philadelphia furnished some facts which indicated that the charges were well founded, but after some months' delay in investigation, the Treasurer succeeded in obtaining a flat contradiction to the Philadelphia Broker's statement, and as this simply raised a question of veracity between two outside parties, it was deemed wise to drop it.

By close attention to all the moves, I was able on July 26, to formulate the following summary of the situation, as I then understood it.

The summary I sent to the President of the Company with the following prefatory remarks:—

"Having set out to satisfy myself as to the character of the enterprise and policy of the managers, I believe it to be my duty to use every means at my disposal which will enable me to so draw the lines of demarcation, as to enable any one who is interested to determine who is right and who wrong.

"The task I have set before me is more difficult than I had expected to find it, in dealing with alleged representative New York financiers; still I hope to be able soon to withdraw from the controversy, and will be quite willing to let the future determine whether I have really hurt the common interest I believed it to be our duty to conserve.

"The sense of duty I act under may be based upon erroneous or false premises, as you have frequently remarked, yet it was created, and is governed by the best information I could gather from ALL the sources accessible to me, and if I am wrong, I hope my record will show that I have striven earnestly to be right; and if I am right, it will of course, show the influences that have militated against my success.

"Foreseeing some of the difficulties and storms we have met, I a long time ago suggested your assumption of supreme command; believing in your ability to bring us safely through; and, if delegating your power to others should produce disaster, I hope to be free from the responsibility."

Summary of the present situation in Keely Motor affairs, as understood by me on July 26, 1881.

First. The existence of a discovery or invention, which, from evidences of its adaptability—*when complete*—to the industrial arts and sciences, may be esteemed the most valuable discovery of civilization in modern or ancient times, inasmuch as it revolutionizes all known methods of generating power.

Second. The retention by the inventor or discoverer of all the secrets whereby these discoveries can be utilized by the public; thus making their future existence, so far as the Keely Motor Company is concerned, depend entirely upon his life and good will.

Third. The existence of a Corporated Company organized for the purpose of furnishing funds for the development and completion of the discovery, and for the final control of certain specified inventions in certain specified localities.

Fourth. The contracts under which above-mentioned control of certain inventions is vested in the Keely Motor Company, being mere evidences of intention, have no real value until the inventor has received his

patents, and verified the contracts by transfer of the same to the Company.

Fifth. If any conflict should arise between the Company and the inventor, in which the latter *felt justified* in withholding the transfer, the existing contracts might be a good foundation to build litigation upon; but not good for investment in.

Sixth. The uncertainty of the future of the enterprise as thus indicated must of necessity invite a speculative management; and while speculation under some circumstances is legitimate and laudable, under other conditions it may become illegitimate and reprehensible.

Seventh. The existence of a speculative management in Keely Motor affairs, has of necessity developed two interests; one which holds that the completion of the discovery in all its possible grandeur, should ever be the sole object of the management; and the other, believing that on account of the human uncertainty of the completion of the invention, they are in duty to themselves bound to make quick recoveries on their investments, so that they may be safe financially, in the event of a failure by Keely.

Eighth. The long time required for the completion of the invention, prevents the first class from increasing, and the same cause gives the second class ample justification in their minds for their course, the pursuit of which naturally increases their numbers.

Ninth. This state of things being the natural outcome of all enterprises requiring an exceptionally long time for completion; it seems to be unwise, even if not unjust, for those in one interest, to assume that they alone are right in their management; for in reality, both are right under certain conditions.

Tenth. The consideration of these governing conditions should be entered into with a spirit of fairness; otherwise gross injustice might be done to the enterprise at large.

The first fact we meet, is the charge of mismanagement made by the first-named interest against the second—a charge which may or may not be true; but the existence of which may indicate that a ventilation of the various plans of management may just at this time be in order.

Second. The probability that the second interest though right in a portion of the past, may be wrong now; and by neglecting to discuss the question, may be brought into conflict with the inventor, and thus jeopardize the whole enterprise as at present organized, by forcing him to feel that the first interest mentioned, being the only one that recognizes the grand possibilities of his discovery, is the only one qualified to present it to the world and control its destiny after presentation.

Third. The progress shown by the inventor may justify the hope that the end is near; and consequently, may also justify the charge of mismanagement; and whether this charge be sustained or not, the fact remains that the first interest does represent the inventor's wishes more correctly than the other, and may by reason of this superior accord with him, and the mistakes of the second interest in driving him from them, bring about a conflict which would indeed be disastrous.

By a study of the past history of the enterprise, it is evident that the present misunderstandings are the natural outcomes of past mistakes of the inventor and his then advisers; and from the very nature of the mistakes, it is now absolutely impossible to correct them; but it should be possible to prevent their repetition, and to do this it seems to me that the best way would be to drop "Ancient History," except such of it as may be absolutely necessary to present and future guidance, and to recognize the fact that without the inventor's good will and continued good health until he can give us control of his patents, we have nothing of real value.

To obtain this control, it will in my opinion, be necessary to have the inventor's full confidence in our united management, as well as our individual integrity.

That we are without this is apparent; and as to whether we merit it or not, each has a perfect right to judge for himself.

The remedy seems to be easy if good faith can be maintained, and it seems absolutely necessary to success, viz: Let the Board call a meeting of stockholders for the purpose of electing a new Board of Directors which can get the confidence of the inventor, and which can act on ordinary business principles without the possibility of being biased by *real* or *fancied* reflections from the past, and which in this respect, could not, even if willing, throw mud at each other or the inventor, a Board that could devote its energies to the development of the enterprise in all its possible grandeur, or give it a decent burial in the possible event of failure.

Whatever the prime cause of all past blunders, be it the inventor's "stupidity," or "duplicity," matters nothing if they cannot be changed, and from their very character such change seems impossible. Therefore, it behooves the Board of Directors to act as though they had no past knowledge of these matters, but had just been called to an acquaintance with the discovery, and consequently could act freely as may seem best; and the inventor being thus met, may be enabled to complete his invention, and thereby repay those who have served so long.

In presenting this analysis of the situation as I understand it, I beg to repel the oft repeated charge, that I am governed by any clique or

faction, or any individual or combined interest, other than the great undivided interest of the Keely Motor Company; and to assert that I am my own "mouthpiece," and untrammelled by past or present association with any individual or combined interest in Keely or his friends. I stand alone contending for what I believe to be the right, and which, if shown to be wrong, I will as energetically act to thwart as I now do to advance. Commending the within to such consideration as any estimate you may put upon my efforts may warrant, I will await developments before dipping deeper.

JOHN H. LORIMER."

On July 30, the President wrote of the above summary as follows:

"I avail myself of your privilege to use the memorandum sent, and I shall present it to be read by some of the Directors here, and unless you prohibit me, I think it should be read at the Board meeting.

"I cannot answer you fully in regard to my opinion of what you have written. There are some very excellent and true conclusions and suggestions. Personally, I am willing to have a reconstruction of the Board if the stockholders desire it."

On August 6, I received the following telegram from the Treasurer:

"I think I can sell two hundred, Treasury, at eight. Can you do better? Hoyt out of town. Answer."

In view of past experiences, and desiring to develop the true methods of the Treasurer, I wired the following reply:

"I would sell just enough to meet current obligations, and if held till Monday, I think I could do better."

The latter part of this telegram was for the purpose of giving him a chance to defeat any efforts I might make to sustain the market; and in the meantime, having got an offer of (\$8.50) eight and a half for one hundred, I wired to that effect, asking authority to sell; and later in the day, got answer to

"Sell one or two hundred at eight-fifty. Will forward the stock tonight; remit proceeds.

"FOOTE & GREEN."

This came to hand too late to close the transaction on that day, being Saturday, and on Monday I learned that Mr. Green had, through Mr. Marston, offered the stock freely on Friday and Saturday (before communicating with me) at eight, thereby breaking the market which was firm at about (\$9) nine. Notwithstanding this, I closed the sale at eight-fifty, and in my letter of August 8, covering proceeds sent to the Treasurer, I said—

“I regret that your efforts to previously make the market for me here, through your colleague, Mr. Marston, makes it impossible for me to sell the second hundred as I had expected to-day, so that I now hold it subject to your order.

“Is this bearing the Keely Motor market, or simply a mistake? With me it is no rumor.

J. H. LORIMER.”

To this the Treasurer replied, under date of August 9, 1881:

“In reference to me making a market for you, I would state that I desired Mr. Marston, if he could sell two hundred shares, to do so, and as the price here that I could buy at, was \$8, and dull; I presumed to advise him to sell, if he could do no better, and if the Finance Committee did not approve I would cover the sale. I telegraphed you that it could be sold at \$8. You said you could do better. I then telegraphed Marston to stop sale.”

I quote the following from my reply to the above, dated the 10th of August:

“Of course, in the face of the facts, and your acknowledgment of making the market here with Mr. Marston's assistance, I would decline to offer the stock in this market at present, and so, to-day, refused offer of eight-fifty, for a portion of the hundred shares returned to you.”

On August 8, 1881, I sent the following supplement to summary of July 26, 1881, to the President of the Company, with a letter which it is unnecessary to quote at this time.

“I have heard a great deal about the deceptions said to have been practiced by John W. Keely on his friends, from the inception of his discovery to the present time, and supposing for argument's sake that it is all true, I would also suppose, that instead of being just ground upon

which to blame him for all the suffering alleged to be entailed thereby, this suffering, in a degree, gives him justification for his alleged deceptive course.

"For instance, the usual effects of deception practiced by one upon another is to destroy the confidence of that other in the deceiver; and it is customary to blame the deceived one if he permits himself to be played upon again.

"The fact that it is alleged that he has repeated these deceptions successfully upon the same parties so many times, is ample evidence that they thought the game they were playing with him was worth the trouble; and if, in their anxiety to obtain their desires, they have mis-calculated their position, it seems unjust (even though natural) to charge him with being the sole cause of all their trouble.

"The vast power he wields so long as he retains the secrets of his motor, may justify him in testing the integrity of the men who hope to control his discoveries; and naturally enough the best way to do this is to let his would-be guides believe they are running the thing, when they will invariably show the bent of their minds; and if they will come up to be deceived by him time and again, it is strong evidence that they think they will win in the end; and under such circumstances it is safe for him to presume that they are either *avaricious* or stupid; and in either case incapable of doing him or his discoveries full justice.

"The existing evidence of a want of mutual confidence is simply a step or 'line' in the 'graduation' of the organization of the enterprise; which graduation is as necessary to ultimate success, as the mechanical graduation of the engine is; and being presumably justified by facts on both sides, it will be wisdom for each individual concerned, to so abnegate self for a time, as to be able to determine in what manner they can best advance the true interest of the great enterprise, the *history* of which they are now making.

"Again, supposing J. W. Keely to be the crooked being morally, which some assert him to be, we might as well ask a hunchback to stand straight, as to ask him to accord to the business standard held up.

"By adopting the resolution offered by me to the Board, on August 4, 1881, we, if Keely was the bad man he is represented to be, could in six months have made such a one-sided record against him, as would have enabled us to clear our skirts collectively and individually; but by assuming the guidance of the matter in the manner we have, without understanding him or having his confidence, we invite the failure of our efforts even before they are begun; and, judged by the results of past efforts in the same direction, the full grown crime of failure can again claim to

have been nourished by mistakes of the trustees as well as by mistakes of the inventor, and the public verdict will be on the side of the greatest sufferer.

"Believing as I do that every mistake Keely has made can be explained, if *all the facts are known*, I offer these views of the matter unreservedly, as the result of my best judgment, after a study of all the facts within my knowledge, and without arrogating to myself or my opinions the right to judge for or advise others having equal or superior light on the subject, I merely wish it to be understood that so far as I am able, I will be guided in my official acts by the facts I may elicit by continued watchfulness, and as in differences of opinion we elicit the truth, I merely offer mine to invite a criticism which will develop the truth without involving personalities.

J. H. LORIMER."

The resolution referred to above was offered on August 4, 1881, at a meeting of the Board of Directors, and was as follows:

"In view of existing discords in the Board of Directors of the Keely Motor Company, and consequent propriety of relieving the inventor Jno. W. Keely, from any mental strain presumed to be produced by them, I move that this Board do by vote declare that they have unlimited confidence in his ability to complete his engine for the transmission of power, and do unhesitatingly declare that they have full confidence in his honesty and integrity. Therefore, in order to give weight to the above declaration, it is now resolved that this Board notify John W. Keely that we are prepared to be governed for six months from date solely by his wishes as to the time and manner of application for his patents, as to the time and character of exhibitions of progress to be given, and all collateral matters of great or minor importance and value to the Keely Motor Company, and that a copy of this resolution, with the individual signatures of the members of the Board attached, be prepared and delivered to Jno. W. Keely by the Secretary of the Company.

The motion was rejected by—a large majority.

On Sept. 19, 1881, I wrote to John W. Keely, as follows:

"At the interview I had with you at your shop on the 16th inst., I fancied I saw evidences of weariness and disappointment on your part, and in consequence I again presume to formulate for your perusal a few ideas suggested to my mind thereby.

As a Trustee of the Keely Motor Company, it behooves me to do all in my power to advance the interests of said Company; and believing as I

do, that this can best be done by adapting myself to your plans, it is the desire on my part to familiarize myself with these, that governs all my intercourse with you; and in order that I may not fall into error, I deem it wise, from time to time, to crystalize such theories as your acts seem to me to indicate are correct.

That you are not pleased with the position which your past mistakes have forced you into, is very apparent; still the vast power and possibilities within your reach, render you at times recklessly indifferent to the course your business guides may pursue, and consequently you are continually oscillating between the desire to educate them to an appreciation of your labors, and a desire to be freed from their unappreciative and strangulation policy.

That your efforts towards the former have so far proved abortive, seems to me very apparent, judging from the course pursued by the Board of Directors since December 8, 1880. Therefore, I have after much thought come to the conclusion that your greatest wish now is to be freed from this 'unappreciative and strangulation policy.'

If this is correct, it will doubtless ere long open up a field for discussion and recrimination which, unpleasant at all times, must be extremely so in the present instance; at the same time being inevitable, we had better prepare for it in a spirit of fairness, as otherwise the results will not only be unpleasant and unprofitable, but through incidental ebullitions of spirit or passion, must leave a taint of dishonor, the onus of which will be a matter of partisanship for all time.

So much for my interpretation of your present mental labors in the graduation of the Keely Motor Company, as a suitable body for presenting to the world the results of your wonderful discoveries, and I will now endeavor to indicate to you a possible solution of the problem.

The labyrinthine character of the paths you have hitherto trod, and the peculiar weakness of some of the men who have hitherto assumed to guide you, makes it difficult for you, though perhaps easy for me, to realize that you have now a very straight road before you, provided you act firmly and promptly, according to the well-defined plans which I am satisfied have ere this formed themselves in your mind.

Although a Trustee of the Company which stands most in the way of the execution of such plans as you may have, and of the completion of your labors, and, in consequence, I might be expected to act as a majority of my Co-Trustees might direct, I have formed the opinion (after much careful investigation) that the majority of the Board are not up to the present time in accord with the true interests of the discoveries you have made, and consequently are permitting the interests of the general and uninformed stockholders to become comparatively worthless.

Whether this course on their part is the result of simple negligence of their duties as Trustees, or of selfish motives, is a question which they will have ample opportunity of answering in the future, so that we need not discuss it now, as it will suffice for the present, if I can indicate to you a course which might be pursued by yourself and the Company, with honor to both.

First,—I would suggest that you communicate to us in writing, such a formulation of your ideas as will be a basis for us to enter intelligently into the study of your wishes, making such exposition broad enough to cover all real or imaginary difficulties between the Company and yourself, and decisive enough to form the nucleus of an ultimatum from you to the Company. In other words, direct that the communication be made utterly devoid of diplomatic phraseology, and so leave us without the pretext for exhibiting our skill in this direction.

Stipulate that all future official communications between you and the Keely Motor Company be made in writing over the signature of the president of the Company on our part, and of you or your attorney on your part.

Take no cognizance of verbal communications, and permit none of yours to be witnessed against you.

By the adoption of the above plan, and a strict adherence to it, we shall soon be able to understand each other, and even if you fail to bring about the conditions necessary to the end you have in view, you will succeed in putting upon record the causes of such failure; and this will enable your friends—the general stockholders—to judge intelligently between you and their trusted Trustees.”

As a result of the above written and frequent verbal communications, I was enabled to formulate a reasonably fair interpretation of Mr. Keely's position, and will here present it for your consideration.

Being entirely alone in studying the problems laid before him by the discovery of his “Etheric Vapor,” he has at different times fancied that he had mastered all the difficulties in the way of practically applying it, and in consequence has in the enthusiasm of the moment, and stimulated by the pledges made to him by his business guides, set times and dates within which he expected to place in our hands completed inventions for practically utilizing his discoveries.

That these promises on his part were made in good faith, he does most earnestly, emphatically, and respectfully affirm; and in explanation of his failure to so complete his inventions, he states that the researches

necessary to attain this result have from time to time so developed new discoveries and new fields for research, that what was contemplated by him and by the organizers of the Company at the time of organizing the same, as being the ultimate result of his labors, has from time to time been lost sight of in the light of grander possibilities brought within his grasp by the aid of new discoveries as they appeared while prosecuting the old ones to expected completion.

For instance; by way of illustration, those who have been associated with him from the first, will remember that when the "Hydro-Pneumatic Engine" was practically complete and a model being built for the patent office, he accidentally discovered the vapor; and this discovery was of such a surprising nature, that a halt was called on the prosecution of labor on the engine for the purpose of determining whether it would not be wisdom to drop the same for a time, and investigate the possibilities of the new vapor.

The latter course being decided upon prior to the year 1874, has resulted in a succession of great disappointments, and as great or greater surprises; disappointments in producing mechanisms for the practical application of the vapor, and awe-inspiring surprises in the gradual development of the wonderful possibilities of the future, if the laws governing the new force could be understood.

The necessity of associating with him business men for the purpose of furnishing funds for experimentation, the intense humanity of all his surroundings, and the fascinating and extraordinary character of the researches in which he has been engaged, has developed a condition of existing facts both in the organization of the Company and in the results attained by him, which renders a complete overturning of past contracts absolutely necessary before substantial progress can be made.

Such overturning is not so serious a matter to the contracting parties as may at first appear; but the fact that new discoveries of great commercial value never contemplated or anticipated have been made, and that they are of such a character as to require for their development more capital than our Company seemed willing or able to furnish, he has been forced to accept assistance from others; and in return has given them interests in these new discoveries. So, to avoid future complications, it appears that such a modification of existing contracts between us as he proposes, is really as desirable to us as to him, and all the more so when

we consider that the value of the inventions we may control is so much greater than could have been originally expected, that we cannot possibly lose anything by acceding to his wishes.

In view of the fact that past agreements with him have been supposed to be final, and that the course he has pursued appears to be devoid of value as a precedent for further exchange of rights between us in a business manner, he still affirms that each step taken and each contract or modification thereof hitherto made, has been made in all earnestness and with the intention and belief at the time that they were final.

In extenuation of his miscalculations in the past, he pleads, First: The all absorbing character of the researches he was engaged in, which rendered him entirely subservient to momentary expediency instead of qualifying him to grasp the magnitude of the interests involved. Second: The enthusiasm caused by the apparent completion of a practical device: and last: THE STIMULUS OF PROMISES MADE BY HIS BUSINESS GUIDES FROM TIME TO TIME.

In justification of his claim to consideration in the present instance, without being handicapped by past failures; he calls attention to the results now produced before you, as compared with those shown in the past, which results he offers as evidence of the fact that he does now understand the laws governing the new force, and is therefore better qualified than ever before to act intelligently; and by being able to devote his mind to the business organization, he can see better than any one else, the necessity for harmony and good faith between all the interests which his discoveries have created.

That we think we could help him out of his difficulties, if he would only give us the power, is natural; but from the very nature of the difficulties it is impossible for any one to help him except by acceding to his wishes; and when he assures us that he cannot deviate from the path he is in, and that *we will all* have justice done to us, had we not better be wise in our generation," and not try to force results.

He assures us that he does not wish to threaten us into acquiescence, but, being able now to expose his wishes, he desires that we meet him in peace and reap the fruit we have waited for.

While his method may appear to us chimerical or impracticable, let us try and appreciate the fact that we are not qualified to judge—because of our ignorance of the possibilities within his grasp. That he has retained

his secrets these many years, should be evidence that we cannot force them from him now; and until he is ready to give them up we are between the horns of an awkward dilemma caused by our desire to control EVERYTHING and our inability to control ANYTHING. Therefore, he hopes we will do ourselves honor by according to him that which he truly believes to be simple justice, and in return receive from him, as we mete to him.

He desires the end as much as we possibly can do, but is unwilling to spread broadcast the knowledge he has, and from the fact that he is now able to give attention to the results attainable by those who may control this knowledge, we may be assured that the Force which has impelled him to retain it so long, will not now leave him to barter it for Gold only. Honor, which some of us appear to think him incapable of appreciating, and justice which some of us seem to think he knows naught of, are far more valuable to him than all the riches we can dream of; and that he has appeared to be oblivious to them, is no evidence that he really was so.

Emerging as he now is from a plane of mystery, to one of facts; we shall find that he is capable of dealing with facts; and, by reminding us that while he was groping along in the plane of mystery, we, from our inability to deal with anything but facts, were incapable of either appreciating his difficulties or guiding his efforts, may feel the truth he is telling us now, and perhaps thereby appreciate the "Phenomenon" of an absence of business methods in the management of his enterprise.

Assuring us that he is actuated only by a desire to do justice TO ALL, he expresses the wish that we may move on in harmony to the end.

On October 25th, 1881, while the Board was in session, Mr. Keely presented the following communication, which was laid on the table by a large majority, as unworthy consideration; and as their rejection of it without *consideration* may open up a discussion with recrimination, we may at an early day be able to form an intelligent opinion as to whether our interests are as safe under his guidance as under that of our trusted trustees, and also be able to determine whether he only is to blame for the loss of money and character with which we seem to be threatened.

MR. KEELY'S PROPOSITION TO THE BOARD.

"Having an earnest desire to control the presentation of my life's work to the world, and wishing to do it in a just and honorable way, I propose ; First : To obtain by purchase at figures to be mutually satisfactory, sixty thousand shares of the Capital Stock of the Keely Motor Company ; fifty-one thousand shares of which I will lock up for five years ; I to give the Keely Motor Company a bond restraining me from negotiating or parting with a single share of it in that time.

Second : I wish all existing agreements to be revised and rearranged so as to define my rights under them and make them harmonize with the following proposed division of interests.

The Generator, Automatic Water Lift, Vaporic Gun and the Vibratory Engine to become the property of the Keely Motor Company.

The Vibratory Lift, the Disintegrator, and the Ejectment or Push process to remain my property, absolutely and without restriction.

I to give up all the Western Territory as ceded to me in recent contracts, and to have receded to me the deferred payments with which I propose to pay for the stock of the Keely Motor Company which I wish to purchase.

If this proposition is acceded to, I propose further, to build a practical Vibratory Engine at my own expense, and also agree to relieve the Keely Motor Company from all further expense for mechanical purposes until I am prepared to apply for letters patent.

In executing the agreements suggested herein, it will be necessary to have the stock placed in a Trust Company's Vault to be transferred in my name upon payment by me of the price agreed upon between us in this negotiation.

The engine I will finish as rapidly as possible. The sixty thousand shares of stock I will pay for as soon as the deferred payments are made to me.

As soon as the Stock is secured and deposited as above I will begin preparations to apply for my patents."

The following communication from Jno. C. Havemeyer was read, adopted, and a committee appointed to carry out its sentiments.

New York, October 21st, 1881.

TO THE BOARD OF DIRECTORS OF THE KEELY MOTOR CO.

Gentlemen :—The undersigned, after conference with a number of stockholders in your Company who represent and control a large interest, and who assure him that a majority of the stockholders are in full sympathy with their views, consents to represent them in communicating their feelings and intentions as follows :

They became and have continued stockholders upon representations made to them of ownership and control of the Company of certain inventions of John W. Keely, and of future improvements upon the same. They were assured that certain contracts and assignments had been made which gave to the Company the full rights which pertain to ownership.

They believe the time has come when their own and the interests of other stockholders call for such steps as will make more real and tangible the ownership above alluded to, and this action seems to them not only a matter of wisdom on the part of the stockholders, but a matter of right and prudence which the inventor should heartily appreciate and aid. The term "interests of stockholders" is not used in the sense of a sudden and large advance for purposes of speculation, but to signify such possession and control as are absolutely necessary to their own safety.

Addressing the Board as their trustees and agents, and as bound to use due diligence in their behalf, they now earnestly request and demand that Mr. Keely shall be required immediately to prepare plans and specifications, and give such full explanation of the principles and operation of the Generator as will enable the Company to take out a patent for the same, and to feel that if Mr. Keely should die, their ownership amounts to a possession and is not an abstraction. They are well aware of the opinion held by Mr. Keely, that such a course may prevent the full advantage to the stockholders which would result from delay until an engine which will accomplish what Mr. Keely believes to be possible shall be completed. Certainly Mr. Keely's views are entitled to most careful consideration, but they cannot justly be held as a reason for further delay or refusal to deliver property which Mr. Keely has sold the stockholders, and for which their money has been paid. Recognizing, however, that entire harmony and mutual consideration are most proper and desirable, they are willing to make their demand in a form which entirely obviates

Mr. Keely's objection, and a compliance with which they cannot therefore but regard as a test of his own good faith.

They understand that Mr. Beman has been engaged by the Board as their expert and lawyer. Our proposition is that Mr. Keely, with the aid of Mr. Beman, or such other counsel as the Company appoint, shall prepare plans and specifications of the Generator, which is admitted to be complete. Let its principles and operation be fully explained to Mr. Beman, so that he can master them; then let patents be drafted and all preparations made, but with the understanding, in deference to Mr. Keely's judgment, that for a certain limited time, say for 90 days, if Mr. Keely should desire, the patents shall not actually be taken out.

They are further well aware that Mr. Keely has the hope and ambition, which many inventors possess, of soon bringing his invention to perfection. But however natural and creditable this may be, it cannot be justly insisted that the stockholders should wait for this consummation at the possible sacrifice of their property, nor can he reasonably oppose his single judgment to the wishes and views of the majority in interest made up of practical men experienced in business affairs. Mr. Keely does not rightly appreciate, we think, the uncertainty and brevity of human life, nor the fact that no one mind can make anything so perfect that other minds cannot improve upon it. Nor yet the fact that it is rarely the experience of any man to achieve such success in mechanics or any undertaking in life as to be unable to see room for further improvement.

It is our understanding that the experiments thus far have been made and the machinery constructed at the expense of the stockholders, and yet we are informed that no representative is acquainted with the results obtained. Mr. Keely is the sole depository. It is true he claims to have made notes which would be intelligible to others, but they are not in possession of the Company, nor do we know but that what is clear to him may be confusion to other minds. We therefore claim and insist not as a matter of favor, but as a matter of right, so self-evident as not to admit of argument, that the invention in its past or future progress shall become the property of the Company, in order that needed explanations may be given while the inventor lives, and that stockholders may have a sense of security to which they are entitled, having bought and paid for it. The absence of ordinary business methods and precautions in dealing with Mr. Keely is a phenomenon which appears not to admit of an easy explanation.

In conclusion, the stockholders represented by the undersigned demand prompt and energetic action. They suggest that no further appropriations be made until the rights of the stockholders are accorded to them, and if necessary, which they trust and believe will not be the case, that vigorous legal measures be taken. In the absence of proper consideration and action upon the subject of this communication, the Board may be assured that meetings of the stockholders will be called, and such united and decisive action adopted as will in their view accomplish the desired end.

An early reply will much oblige

Your obedient servant,

JOHN C. HAVEMEYER.

So far as the actual record is concerned, the above closes this report; and what follows is only my personal opinion.

In view of the facts elicited by a patient and careful study of the matter from every standpoint within my reach; I am forced to admit that it is "mixed" in a degree that is almost, if not quite bewildering, and that it seems to me to be unjust to lay all the blame on Mr. Keely, or all on his managers, both having erred grievously, with the blame largely on the side of the managers, who in my opinion ought to have known better.

The fact appears, however, that there is no precedent which can fairly apply to our case, if the ultimate grandeur of the discoveries is taken into consideration, and therefore, to apply ordinary remedial measures to a case that has no parallel in history seems to be an unwise waste of time.

My ideas of the matter lead me to suggest a "heroic line of treatment"—cutting down to the foundations as now visible; for the following reasons:

First. If the original agreements were drawn under the supposition that Mr. Keely and others foresaw the ultimate results possible of attainment by use of the new force, then they cannot, except *in a degree*, apply to the conditions developed by the discovery of practically new inventions never contemplated at the outset, or possible of consideration in the agreements named.

Second. If they were drawn with a view to the mortgaging of all possible discoveries resulting from a knowledge of the new force, then they deprived the inventor of a proper incentive to develop his discoveries.

If the first supposition is correct, it betrays an ignorance on the part of the original managers, which may be excusable, but which now ought to be corrected; and if the second supposition is correct, then simple justice to Mr. Keely might consistently unite with our own most selfish interests in an endeavor to foster "the goose that is to lay the golden eggs."

Common sense teaches us that whatever hardships might accrue to the few innocent investors now interested (of whom I am one) from a re-modelling of the agreements by the light of existing facts, will be insignificant compared with those that would result ultimately from the literal execution of existing agreements, which it must be acknowledged either have been conceived in ignorance or born of avarice.

Mr. Havemeyer, in his address to the Board of Directors, gives evidence of having so earnestly studied one side of the case, that he can hardly be expected to express the views of those of the stockholders who have known the other side for years, or *even for months*. Still, he expresses some of his views so forcibly, that unless they were extended so as to apply to the case as it actually exists to-day, even the best friends of the enterprise might be misled.

One of these ideas I notice, viz.: "Nor can he (Keely) oppose his single judgment to the wishes and views of the majority in interest; made up of practical men experienced in business affairs." Accepting this as correct, I carry it further and say that the Keely Motor Co., standing as it does to-day before the world in much the same relation that Mr. Keely does to the Company, "cannot oppose our judgment against that of the majority in interest made up of the great body of the public composed of industrial systems which an unwise and indiscriminate development of his discoveries for purposes of gain, would revolutionize, and bring ruin and despair where now reigns prosperity and happiness.

And now permit me to recapitulate, giving what I consider to be the actual condition of affairs to-day, December 1st, 1881.

There exist agreements and contracts enough drawn up between Mr. Keely and the Keely Motor Company and others, to sink in a sea of litigation any enterprise developed under their execution; contracts which I have yet to find a man who can elaborate a practical explanation, of how certain radical contradictions can be reconciled, or even how the enterprise could sail under them if literally executed.

By way of illustration one instance will suffice. The Keely Motor Com-

pany, of New England, has certain privileges granted for which it is to pay a certain sum in cash, and *half its capital stock*, yet the statute under which the Keely Motor Company was chartered expressly declares that it cannot own a single share of the stock of any other Company.

Again without the confidence of the inventor in our united management as well as in our individual integrity, or without his good will, it is a waste of time to attempt reconstruction.

Therefore, it seems to me that a new Board, capable of taking the enterprise in its present tangled condition, and without the bias inherent in a long connection therewith, is the only means of regeneration left for the present Company known as the Keely Motor Company;—a Board which would be willing to accord to Mr. Keely a complete acceptance of his views although there are no precedents for such a course.

Being willing to acknowledge my ignorance of Mr. Keely's secrets, and consequent inability to measure the interests their possession has created; I am also willing to accord to him a superior knowledge of how to classify and arrange these so as to prevent present or future complications or conflict of interests.

This willingness on my part amounts to an absolute abnegation of my rights under existing agreements, until such rights become a *possession*, and not an abstraction; and until such rights do become a possession, it seems to me to be the height of folly to attempt coercion; as such attempts give Mr. Keely ample justification for his doubts as to our fitness to direct his enterprise.

Of the wisdom of such a course, I prefer to be the judge so far as I am personally concerned, and merely mention it to indicate what I would do if I had delegated to me the power accompanying the ownership of a majority of the stock.

In contradistinction to this, my view, I find the following: "Give us the patents; *that* will send the stock to a thousand, aye, ten thousand, dollars a share, and we will all be happy, you know." Well, perhaps, I am wrong, and the latter view right. Time will tell, and I am willing to accept the verdict time will surely render.

Mr. Keely, like all other inventors, is of a sanguine disposition, and the enthusiasm begotten of apparent completion of practical devices, has necessarily led him to frequently fancy their end was near, and in this frame of mind, he has by the peculiar magnetism of his presence, etc., so

worked upon the weak men who have from time to time surrounded him as managers of his business affairs, that they in their anxiety to realize the visions of wealth which appeared near to them, have overstepped the line of prudence, and by fancying that each new development presented a last chance to "get in on the ground floor," they have put themselves in false positions with their friends and the public, and now seek to put upon Mr. Keely the whole blame for their miscalculations.

My experience has led me to decide that the enterprise at no time in the past was in a condition fit to be presented to the public in the shape of an incorporated company offering its stock as an *investment*; that being of itself a false pretence, inasmuch as the company had no property to represent the amount nominally asked for from the public.

That such miscalculations on the part of the inventor and his managers are now bearing a very natural fruit must be admitted, and the very *admission of these mistakes, no matter who is primarily to blame*, carries the strongest kind of an argument in favor of a thorough remodeling of the enterprise on a foundation of now existing facts, which for the sake of the little good that remains of the past may be made to embrace the only valuable factor in all that is left, viz., the good will of John W. Keely; or on the other hand, may be made to embrace only an empty name. One prominent manager in the *past* is credited with having expressed the wish that he would live to see Keely rotting in the gutter, and another prominent manager in the present is credited with saying that he would "rule or ruin" John W. Keely. How can we expect to build a great enterprise with such material; or by following a policy which at best aims only at the recouping of losses made by miscalculations which cannot honorably be wholly blamed on any one party at interest in the matter?

As to my personal connection with the Company, I am satisfied with the part I have taken; and recognizing the folly of attempting further reconstruction within the Directorate, I have thus placed my views before you in the hope that they will serve in a measure to lift the veil of mystery which has so long hung over the affairs of Keely and his Company; and thereby enable me to save—at least my honor.

My work in the Board was undertaken primarily in the hope that the enterprise was built on a sure foundation; and when I recognized my mistake, it was continued secondarily, with a view of exhibiting to you the truth as I might understand it, in the light of developing facts.

If I am mistaken, I am willing to accept the consequences; and shall await their developement patiently, as an onlooker from your ranks; knowing well that under existing conditions in the management, my usefulness in the Board of Directors is at an end when this report is closed.

Knowing that the psychological character of Mr. Keely, as described by the secretary in his speech to the stockholders on Nov. 22d, would be raised as evidence of the worthlessness of my deductions if they were based on any authority I might "force" or "coax" from Mr. Keely; I have not at any time *sought or obtained* any official or authoritative recognition of my efforts from him, so that he is now, as he always has been, at liberty to accept or deny their correctness.

On the other hand, recognizing the propriety of having a reasonably fair foundation for the theory I have acted upon; I possess in the shape of letters from my co-directors, a measurement of men and facts connected with the enterprise, which will amply justify all I have said.

"By their fruits shall ye know them," is a standard good enough for me, and one which can apply to every phase of the case in hand, or to any interest that may have been created by it.

The present effort to graft a good business method into an enterprise which has no tangible existence in the shape of property, is perhaps laudable, but in my opinion it is somewhat behind time so far as the Keely Motor Company is concerned, and is as sensible now under existing conditions, as would be the effort to grow figs on thorn trees. As in the olden time men were sometimes convicted out of their own mouths, so now;—as for instance, officers of the Company and others connected with the enterprise say that Mr. Keely "is one thing to-day and another to-morrow." Now if such is or has been the case, and he by reason of his peculiar character is "forced" or "permitted" to make explanations of his wishes to one set of "friends" to-day and to another set to-morrow; of what value can such explanations be now more than in former times, and why need one party claim to have his authority more than another; or how can we measure the infamy of men who have traded upon these weaknesses for years, by offering for investment, stock which their own explanations now prove to have been based upon weaknesses they have taken advantage of?

For my part I am free to confess that the only party in interest, as between the management and Mr. Keely, who has shown any consistency

or strength of purpose so far as I am able to judge SINCE I COULD GET AT THE FACTS, is Mr. Keely.

And the opinion publicly proclaimed, that Mr. Keely's proposition to PURCHASE and lock up for five years a controlling interest in his inventions, is idiotic, and a "dastardly act," is simply begging the question by showing in connection with the other statements of Mr. Keely's peculiarities, that if acceded to, it would stop—for five years at least—their power to manipulate the very "weak man" they have handled so successfully until now.

The proposition itself whether emanating from Mr. Keely's or some other brain, shows that Mr. Keely in seeking to control his inventions, is willing to assume on the one hand, all the responsibility for their proper development, or on the other hand, all the disgrace accompanying failure. And for this privilege he in the proposition declares himself willing to pay a greater value than *exists now or can be forcibly attached to the stock of the Keely Motor Company.*

In brief, recognizing the *impossibility* of reconciling the numerous interests created by mistakes of himself and his managers, unless he can control his inventions for a time, he proposed to obtain in an honorable way the power to deliver an UNINCUMBERED enterprise to the world. And from the acknowledged and well known ignorance of the managers as to what these various interests are, and of their *alleged* inability to get from Mr. Keely a *reliable* statement of *his* knowledge of them, of what value to the investor would any compromise be which did not accord the control which Mr. Keely is supposed to desire. Suffice it to say that but a slight knowledge of human nature in general, and of John W. Keely in particular, is necessary to foresee the result of attempted coercion, which if persisted in, will assuredly force Mr. Keely into a course which will defeat in every particular the end originally aimed at by him or the Company.

The patience he has exhibited under disappointments, the high type of moral courage which his retention of the secrets under all circumstances displays, the absence of the lower type of moral courage necessary to face the effects of minor mistakes, all tend to bring to mind the danger that lies in arousing the "fury of a patient man." Self-preservation being the first law of nature, it is not likely that he now will succumb to men who have often shown a willingness in the past to take advantage of his neces-

sities on the one hand, and his peculiar idiosyncrasies on the other; therefore I would counsel caution in applying the "rule or ruin" theory to his case, as it is at once too late in the day to affect the past, and too early to definitely fix the future results of his discoveries.

The spectacle of a Board of thirteen Directors, composed of business men, claiming that they have been fooled in their *business calculations* by a man whose mind has been so thoroughly absorbed in researching the problems presented by his wonderful discoveries, that he could not possibly compare with any one of them in real BUSINESS tact, is truly "a phenomenon which is not easy of explanation" on any hypothesis but the one that the visions of prospective wealth have been so overpowering as to undo their prudence; and then, having in due process of time discovered their error, it certainly is an edifying spectacle to see them now trying to throw all the blame on one poor mortal wholly absorbed in his inventions, and by these efforts disturbing the mental equilibrium of both the inventor and themselves, which is absolutely necessary to ultimate success.

Let them undo their mistakes, and make their record clean with Keely, and then if he fails to keep his record right we can judge where the fault lies. In other words, let us "take the beam out of our own eyes, then we may see more clearly the mote that is in his."

Those who have been acquainted with the Keely Motor Company for a long time, will no doubt agree that there is romance enough about it to admit of a flight of fancy in this report, such as may be exhibited in a few quotations from the poets, and my plain common sense inclines me to the belief that the verdict time will pass upon our efforts, will but confirm the poet's idea of man as expressed in the following quotation:

"In pride, in reasoning pride our error lies,
All quit their sphere, and rush into the skies.
Pride still is aiming at the blest abodes,
Men would be angels, angels would be gods.
Aspiring to be gods if angels fell,
Aspiring to be angels, men rebel.
And who but wishes to invert the laws
Of Order, sins against the Eternal Cause."

And in extenuation of my desire to let the past go, and by accepting

that which now exists, as our foundation on which to build a REAL enterprise of works, not of contracts and agreements that even an army of the world-renowned Philadelphia lawyers cannot understand, I will quote from the same author one more thought :

All nature is but art, unknown to thee,
All chance, direction, which thou canst not see,
All discord harmony, not understood,
All partial evil, universal good,
And, spite of pride, in erring reason's spite,
One truth is clear. Whatever is, is right.

To Mr. Keely, the most interested and interesting of the stockholders I am addressing, let me quote from another moulder of human thought :

Trust no Future, howe'er pleasant,
Let the dead Past bury its dead.
Act—act in the living Present,
Heart within, and God o'erhead.

Not enjoyment and not sorrow,
Is our destined end or way ;
But to act that each to-morrow
Find us further than to-day.

Lives of great men all remind us,
We can make our lives sublime ;
And departing, leave behind us,
Footprints on the sands of time.

Footprints that perhaps another
Sailing o'er life's solemn main,
A forlorn and shipwrecked brother,
Seeing, may take heart again.

And to you all, let me still further quote ; though with a slight transposition to apply directly to our case :

In the world's broad field of battle,
In the bivouac of Life,
Be not like dumb, driven cattle,
But be heroes in the strife.

Let us then be up and doing
 With a heart for any fate,
 Still achieving, still pursuing,
 Learn to labor and—to wait.

Now I am willing to admit that using the poets to help to mould ideas for the guidance of Keely Motor matters is a flight of fancy, and so will return to ordinary methods, and close my report by expressing the hope that it will give to the unenlightened stockholder a little light on what may be considered has hitherto been a dark subject, and if by my action I have dissolved the visions of fabulous wealth which some of our good friends have been indulging in, I ask their forgiveness, and am confident I will ultimately receive it, even though this may be a rough awakening from delicious dreams.

Being a perfect stranger to most of you, it may be wise to give you a little insight into the character of the man addressing you, so that you may apply (even though imperfectly), a measure of your own to his ability to form a fair or reasonable opinion of the matter under consideration.

In going through this world for the last time, I have learned that many solemn truths are capable of being forcibly expressed in very homely language, and one which often occurs to me while quietly contemplating Keely Motor affairs, is the application of the theory of some philosopher that all men are fools. Accepting this as correct, I divide mankind into two classes of fools, one class being fools and knowing it, the other class being fools without knowing it.

I always aspire to belong to the first-named class; believing, as I do, that we must know our weaknesses before we are able to take full advantage of our full-grown strength.

When boys in early summer pick unripe fruit and eat it, because of their unwillingness to await the ripening thereof, they sometimes suffer acutely for their haste. Yet no one ever thinks of punishing the tree because of their sufferings, nor is it deemed necessary to justice, to preserve the fruit of the tree when ripe, for the sole use of the impatient ones, as a reward or recompense for their early sufferings. So it is with the Keely Motor Company; undue haste in gathering the golden fruit that was to come from it, has led to a great deal of suffering financially, among a few

impatient believers. Still it does not seem to me to be wise to curse the inventor, or invention, because he has not given us the fruit when we expected it would be ripe.

In presenting this report, I do so as a quarryman would present a stone to the builder; and according to the use you make of it, so will I measure my usefulness to you, in helping to guide an enterprise, which I believe is destined to lift humanity to higher planes of usefulness.

Respectfully,

JOHN H. LORIMER.

Of the Board of Directors of the Keely Motor Company, of Philadelphia.

From Dec. 8, 1880, to Dec. 14, 1881.

APPENDIX.

Since sending the within report to the printer, proceedings in equity have been commenced against Mr. Keely by the committee of the Board of Directors having the matter in charge, and the anger on the part of the disappointed ones of which this action is the outgrowth, taken in conjunction with the evidences of repentance which I am personally cognizant of, brings to my mind a truth expressed by the poet in the following couplet:

"A fool quite angry, is quite innocent.

Alas! 'tis ten times worse when he repents."

The angry efforts to force Keely to divulge his secrets, will, I am convinced, prove quite "innocent" so far as their success is concerned, and the danger to his enterprise at large is less to be feared from these angry efforts, than from the "repentance," which I know is working its way into the hearts of the aggressors. Therefore I would urge you to watch this source of danger and note how quickly these men will put forth the "greatest efforts of their lives" in an attempt to curry favor with the man whose genius as an inventor, and weakness as a business manager, aroused first their cupidity, then their anger, and now again their hope to return to the confidential embrace of him whom they would but yesterday have broken on the wheel, if by so doing they could have got his secrets. Herein lies the danger.

I am permitted to print a letter received by Mr. Keely from Mr. Havemeyer, and do so because of the prominence in which this gentleman has been placed by the Board of Directors. The only comment I have to make is that the sentiment expressed therein is a fair sample of what the "managers" have indulged in for nearly a year, although never before, so far as I know, expressed personally to Mr. Keely.